- Pacific began deleting necessary information from CSRs provided to AT&T; and
- Pacific misbranded operator service calls as Pacific calls to AT&T customers.

Q. **Please describe the completion notices problem.**

A. Beginning in February, 1997, we were receiving a number of completion notices that were missing features or included features that had not been ordered. This number continued to grow each week, and the percentage of orders that had this discrepancy also continued to grow. When I informed Pacific of this problem, they assigned one employee to "fix" these orders. While I did not believe one person was sufficient, it was better than none.

On the 19th of February, I received a letter from Pacific (attached and marked as Attachment 9), indicating that Pacific was continuing to work on the root cause analysis of this problem and that they would be adding 25 people to the quality process in March. Pacific also assured me that it was committed to delivering quality service for our resale needs.

By March 13, I found that the number of orders with completion discrepancies had doubled in the last month. I so informed Pacific and I asked Pacific to send me by March 19 a very specific, week-by-week plan detailing how they would address this situation. On March 18, Mr. Stankey wrote back (the letter is attached and marked as Attachment 10) in regard to this situation. He stated in his letter in regard to AT&T's unresolved completion notice discrepancies (referred to in the letter as backlog reduction) that it was unfortunate that Pacific "didn't move the dedicated resources promised in our letter of February 12 as quickly as we had anticipated." Mr. Stankey also stated that as of March 22, they will have 4.5 equivalent people working on this situation. In addition, he stated that they will concurrently start a team to understand the root cause of these problems.

I have had one of my team members prepare a chart (attached and marked as Attachment 11) which shows the number of incorrect completion notices received from Pacific over the 1st quarter. As can be seen the cumulative numbers of completion notice discrepancies has continued to increase throughout the 1st quarter.

Q. **Please describe the CSR problem during the 1st quarter of 1997.**

A. In Late January, 1997, we discovered that we were in receipt of misdirected CSRs that should have been sent to other CLCs and had been sent in error by Pacific to AT&T. We communicated this problem to Pacific at that time. I have learned since then that other CLCs have received AT&T customer CSRs.

While the problem has not recently reoccurred, Pacific has never assured me that they have put in place a mechanism to prevent this from happening again.

In addition to the misdirection of CSRs, AT&T also encountered a problem with Pacific's censoring of certain data from CSRs, which are necessary for AT&T to provision the service with all the features the customer expects to receive. That problem is described in more detail in Mr. Huels' testimony and, to my knowledge, remains unresolved to this date.

Q. **Please describe the operator service misbranding problem during the 1st quarter of 1997.**

A. Another troubling area is in the provision of operator services. The problem is that Pacific "brands" operator services as "Pacific Bell" to our customers. AT&T first brought this to Pacific's attention in October of 1996. At that time Pacific did identify a process breakdown and indicated that they had put in effect a new process that would correct the problem. I considered the problem resolved. However, AT&T subsequently found and advised Pacific in January, 1997, that some AT&T resale customers were continuing to receive Pacific operator services branding. After receiving no satisfaction that the issue had been resolved, AT&T, in February again advised Pacific of the continued branding problem and requested that Pacific take corrective action to stop the misbranding. To date, AT&T has received no assurance from Pacific that it has solved the misbranding problem other than a claim by Pacific that these were "isolated errors." I remain unconvinced.

Q. **Have you reached any conclusions as to why Pacific has encountered the many problems and delays you discussed above?**

A. Yes, I have reached several conclusions in that regard. One possible explanation is that Pacific is intentionally attempting to limit its loss of local market share, at least until it or its affiliate has entered the long distance market. While I don't entirely discount this possibility, I am unwilling to make such a claim at this time.

However, I do believe that for whatever reason, Pacific's management completely underestimated the complexity of providing resold local service to CLCs. When faced with the results, as I have detailed above, Pacific reacted very slowly and with limited resources. Indeed, Pacific has yet to demonstrate that it will devote the necessary resources, i.e., trained personnel, effective processes, and workable systems, to fix the problems and meet the demand from its CLC customers. Finally, I am not certain that this problem has really caught the attention of Pacific's upper management.

Q. **Could you give some specific examples of why you reached the above conclusion?**

A. Yes. Based on my review of the answers to the data requests provided by Pacific and the depositions taken of knowledgeable Pacific employees, I can give the following examples. The first concern is the overall capacity of the LISC and its ability to handle orders.

Pacific's initial demand forecasts significantly overestimated the demand it would face in early 1996 for resold local service. During 1996 Pacific revised its demand forecast of 1996 volumes downward on five separate occasions. Indeed, Pacific's last revision in 1996, on November 9, 1996, showed a projected year-end volume only 4% the size of its initial volume.

When the expected demand did not materialize in early 1996, Pacific significantly reduced the staffing of the LISC, reassigning employees to other operations. Pacific also slowed the development of its systems, processes, and training.

However, when significant demand for resold local service began to come through from CLCs in October, 1996, Pacific found itself in a position where it was totally unable to meet the demand in a timely and accurate manner – a position from which it has still not extricated itself even today, seven months later. Also, Pacific admitted it has no idea when it will be able to solve the backlog problem. (Deposition of John Stankey, pp. 107-109.)

One of the reasons why Pacific may have been unable to meet the demand in the 4th quarter of 1996, was that it had cut its cost estimate for the funding of the LISC throughout 1996 by the same order of magnitude as it reduced its demand forecasts. Indeed, its end of year 1996 actual expenditures were even lower than its last cost estimate. The costs decreased because employees were simply transferred out of the LISC and not transferred back in time to meet the demand.

Pacific attempted to meet the then burgeoning demand for resold local service by transferring back to the LISC some of the employees previously transferred away and by adding temporary help from agencies. However, both the permanent employees and the temporaries were not as productive as Pacific had anticipated. In the words of Mr. Jerry Sinn -- then the Vice President in charge of the LISC:

> "[W]e were not getting the productivity out of the process that we had assumed in building our force models . . . so from that perspective, we were not staffed sufficient to meet the total demand of work required to process the service requests." [Deposition of Jerold R. Sinn, Vol. I, p. 89.]

Pacific had, in fact, totally underestimated the time it would take for their service representatives to process orders. This was due to the highly manual processes used by Pacific and the lack of adequate training given to those employees -- "we probably needed more remedial training than we had in place" (Id. at 90).

It is my understanding that during this time (late October, early November 1996) Ms. Lesley Woods, Pacific's Director for preparing LISC processes, had recommended, after studying the needs of the LISC, that it be staffed up to a level of between 700 and 800 employees by the end of the year. This recommendation was apparently not promptly acted upon by Pacific.

As a result of Pacific's severe understaffing of the LISC at this critical juncture, a backlog of orders began to develop, a backlog which continues to this day. The backlog consisted of three components:

- Failure to furnish FOCs or rejections within 4 hours;
- Failure to migrate customers or provide service to new customers within 3 - 5 business days;
- Failure to provide completion notices within 24 hours after service has been migrated or installed.

Pacific characterized the reasons for the backlog at this time, in answer to MCI data request No.114, as being caused by:

> "• Not having staffed to the original plan, there were not enough representatives to meet this sudden increase in workload.
>
> • System enhancements that were promised for the 4th Quarter, 1996, and would have facilitated an actual reduction in headcount, did not come to fruition.
>
> • The actual time to process an order took longer than had been forecasted in the original activity models."

At the same time this backlog in order processing was developing, significant errors were being found in the orders that were being processed. These errors included most significantly:

- Migrated customers were being disconnected;

- Listings for migrated customers were not being included or were incorrectly listed in the 411 data base.

I will discuss these errors in more detail in the next answer.

At the same time this was happening (i.e., December, 1996) Pacific was nevertheless assuring AT&T that it was capable of increasing the capacity of the LISC to 2,000 orders per day by the end of January, 1997. (See Attachment 3.)

Even more egregiously, Pacific increased this promise to 4,000 per day by January 31, 1997, in a December 13, 1997, letter to the FCC by their chief federal lobbyist, Mr. Thomas Moulton. (See Attachment 4.) Interestingly, just 2 days previously, a letter from Pacific to AT&T was still using the 2,000 per day figure. (See the letter from Pacific to AT&T, attached and marked as Attachment 12.) None of the Pacific employees who were deposed could explain how the 4,000 per day promise was derived or that they were ever consulted prior to it being made public.

I believe that this number was simply fabricated by Mr. Moulton in an attempt to influence the FCC. This conclusion is buttressed by the fact that in a letter to me from Mr. Sinn dated December 17, 1996, but postage machine dated January 2, 1997 and received on January 15, 1997, and which Mr. Sinn admitted he predated (deposition of Jerold R. Sinn, vol. I, p. 79), the 4,000 per day number first appears in correspondence addressed to AT&T. (See Attachment 5.)

Despite Pacific's self-serving and misleading statements at that time, none of the deponents were able to detail any plans Pacific had which would have increased its LISC capacity to 4,000 per day by the end of January, 1997 or that they, or any one they knew, ever spoke to Mr. Moulton. (Even if Pacific had been able to process 4,000 orders per day at that time, it still would not have been enough to meet Pacific's then current internal forecasts for March, 1997, demand.) Indeed, Mr. John Stankey, now the Vice President in charge of the LISC, indicated in his deposition that when he took over responsibility for the LISC in January, 1997, and learned of the 4,000 per day estimate, he considered that it was not doable. (Deposition of John Stankey, p. 53.)

Now that complaints have been filed and Pacific is required to give sworn testimony, it estimates that it will not be able to reach the level of 4,000 orders per day for the industry until the end of September, 1997 -- eight months after Mr. Moulton's unsubstantiated claim to the FCC.

Further, Pacific estimates it will not be able to meet its internal forecast of demand until October, 1997, and that only means handling all new orders on a timely basis. Pacific has no estimate of when it will be able to also "clean up" the backlog of orders it has, other than to say that it will occur sometime after October, 1997. Pacific's internal demand forecasts are lower than the forecasts received from the CLCs. If Pacific's demand forecasts are too low, as I believe from reviewing them, the "crossover date" of Pacific being able to meet demand without increasing the backlog will be later than October, 1997. Further, the October, 1997, "crossover date" is dependent on Pacific implementing system upgrades in a timely and correct manner – an assumption I do not share (see my next answer).

I conclude that Pacific did not adequately staff the LISC, did not adequately train the employees in the LISC, and did not adequately test the capacity of its employees and systems within the LISC to meet a level of demand even much below its own internal demand forecasts. Also, Pacific never put one individual in charge of all key elements of resale of local service, that is:

- staffing
- training
- systems
- processes

These responsibilities were scattered throughout Pacific's hierarchy, with no accountability below the officer level.

To make matters worse, Pacific has continuously misled the CLC industry concerning its capacity to handle orders in the LISC and its ability to expand that capacity. As of today, Pacific has still not taken effective action to expand the LISC capacity to meet future demand.

Pacific's actions in gating its competitors' ability to serve customers has significantly hindered AT&T's, and presumably other CLCs', ability to plan a market entry program for the rollout of what is for us, and other CLCs, a new service to customers.

Q. **What conclusions have you reached about Pacific's systems and processes for handling resale orders?**

A. Pacific's systems and processes during the period October, 1996, and continuing to date are highly manual. Even orders fed by CLCs such as AT&T through an electronic NDM system have to be manually reentered by Pacific's service representatives into their system.

Further, because in order to effectuate a migration order, Pacific must issued a D order to its CRIS system and a simultaneous C order to its CABS system, the potential exists for an actual disconnection of the customer if the two inputs become separated. In order to prevent this separation, the service representative is supposed to insert field identifiers (FIDs) on both orders to keep the "C" and "D" orders connected. However, the process is totally manual, and if the service representative either neglects to do so or, as is more likely, makes a typographical error on the 2 FIDs so that they are not identical, then the orders do become separated, and the customer can be physically disconnected.

Also, the service representative must separately and manually input the necessary information into the "411 Gateway" at the end of the process so that migrated customers will appear in the directory assistance data base. This entry is necessary because the "D" order entered into the CRIS system will purge the existing listing from the directory assistance data base. If the information is not input in a timely fashion or is put in incorrectly, the customer will be migrated but may not be listed or may be listed incorrectly in the data base.

Pacific has yet to explain why it uses such highly manual processes which increase the likelihood of error. Pacific has promised to upgrade its systems by May 31, 1997, so that CLCs will be able to electronically transmit orders directly to the necessary Pacific data bases -- a process referred to as "flow through." However, based on Pacific's woeful record to date in implementing system upgrades, I am highly dubious, to say the least, that it will be able to meet this date. I reach this conclusion based on AT&T's most recent experience in late March/early April when a system upgrade encountered difficulties, and not only was delivery of new, higher order volumes further delayed, but the LISC actually operated at a lower capacity for at least one week.

I conclude that Pacific inadequately planned, tested, and implemented its systems and processes to provide service to CLCs. Clearly the quality of service experienced by a retail customer of a CLC is not now, nor has it been, at parity with the quality of service enjoyed by a retail customer of Pacific.

Pacific failed to realize the likelihood of error that could be introduced by the highly manual processes it had and continues to have in place and the likelihood of disconnections caused by having to enter separate "D" and "C" orders into two separate systems with no automatic way of tying those orders together.

These cumbersome, manual systems and the natural human errors of overworked, undertrained employees resulted in the following problems, in addition to the previously discussed backlog:

- disconnections of migrated CLC customers;
- incorrect or missing listings in the directory assistance data base;
- loss of hunt group features by multi-line business customers;
- incorrect completion notices; and
- CSRs sent to the wrong CLCs.

On top of these many errors and the delays I referred to in my prior answer, even when Pacific timely and correctly migrates a customer, it often fails to issue a timely notice of completion to the CLC that the migration took place. Pacific indicated in answer to AT&T data request No. 47 that, as of March 1, 1997, there were 6,271 orders on which Pacific had migrated the customer but not sent a notice of completion to AT&T. Thus, AT&T does not know that the customer now is its responsibility and cannot effectively respond to customer inquiries nor bill the customer. In his deposition Mr. Stankey estimated that Pacific would not be able to issue completion notices within the agreed-upon 24-hour period until sometime after October, 1997. (Deposition of John Stankey, p. 131.)

Thus, because of these many problems, CLCs suffered a deterioration in the customer perception of the quality of service they provide, just at the critical juncture of market entry.

Q. **Are there any other examples of poor planning and execution of its resale responsibility by Pacific?**

A. One other area which struck me when I read the data responses and depositions was the lack of leadership and coordination among the many necessary groups who were involved with the process.

For example, the account managers (those responsible for interfacing with the CLCs) did not meet regularly with either the systems people or the LISC managers. Much of their information was garnered from casual hallway discussions.

Also, despite the fact that Pacific's account team was constantly asking AT&T to forecast its demand, Pacific's chief forecaster for resale of local service, Ms. Laura Schwartz, was not ever shown the AT&T forecasts after December 20, 1996, despite the fact that she had been given prior forecasts furnished from August through December. She indicated that had she seen such forecasts, she might have revised her industry forecast earlier than she did. (Deposition of Laura Schwartz, pp. 80-82, 92.)

Also, it appears that Pacific's demand forecasts were not used by those who were estimating the LISC capacity. Rather, Mr. Sinn indicated he relied on actual experience, and Mr. Stankey did not see Pacific's demand forecasts until over one month after assuming his current responsibility.

Finally, it appears that Ms. Fetter, the President of Pacific's Industry Markets Group, never requested a realistic timetable and work plan for straightening out the problems at the LISC. (Deposition of John Stankey, pp. 94-95.) This is surprising, because Mr. Stankey also indicated that Ms. Fetter knew of the many problems at the LISC and brought him in to manage it in January, 1997, because she found that Mr. Sinn was stretched too thin with his other responsibilities to be able to effectively manage all the issues he was facing. (Deposition of John Stankey, p. 97.)

Q. **Does this complete your testimony?**

A. Yes.

file: PAC Bell

PACIFIC BELL.
A Pacific Telesis Company

Copy to: Lois Heck - Pita
Lone - 10/23 Carl Hurd.

Industry Markets
370 Third Street, Room 401
San Francisco, California 94107

October 22, 1996

Mr. Robert V. Ulrich
District Manager
AT&T
4430 Rosewood Drive
Room 3525
Pleasanton, CA 94588

Dear Bob,

This letter is in response to your concerns about our Firm Order Commitment (FOC) interval for resale orders. Previously, Pacific Bell representatives agreed to a four hour interval for FOCs. At the time, we believed that this was a reasonable and achievable commitment. However, due to the fully manual process in the LISC and some issues with the NDM feed, we are currently performing far outside this range. We estimate that our current performance is approximately 48 to 72 hours from the time we receive your order until the time that you receive our response. I am extremely concerned about this and am personally working with the managers in the LISC and our systems organization to improve the performance to meet our previous commitment. Some of the problems that we have identified are: universal staffing in the LISC, inadequate staffing in the LISC, fully manual order processing, and inconsistent flow through NDM. Their gap closure plan is as follows:

- Dedicated resources: The LISC staff will be divided by account. Titles affected include managers, service representatives, order writers and trackers.
- Increased resources: The LISC will grow from approximately 50 employees to 150 in November. The new staff will be experienced but will require some training to process resale orders. New staff members will be assigned to accounts depending on order volume.
- Mechanization: Macro programming was implemented on October 15th to increase service order flow. NDM will be implemented in steps. I am working with our systems organization to obtain the implementation schedule. When I receive it, I will share it with you. We are also currently trouble shooting problems in the NDM feed.
- Improved communications: Daily order activity will be shared on the 11:30 conference call every weekday. AT&T and P*B representatives will confirm order receipt and status and identify any problems for resolution. This activity will continue until the order flow has stabilized.

Given the above changes, the LISC managers believe that they can return to a 4 hour FOC interval by November 15th. I realize that this is several weeks from now and that your order volumes are increasing during this time. I will continue to work with the LISC managers to find incremental gains over the next few weeks. Our first goal will be to stabilize our interval below 48 hours. Our short term goal will be to respond to all orders on the day that we receive them. I will remain in close contact with you to communicate our status on this situation.

I understand that you have concerns about our order processing and its effect on your processes. Wherever possible, we will attempt to work around the interval delays so that the impact to your processes is minimized. Please let me know what other concerns you have. I can be reached at (415) 545-1910.

Sincerely,

C. D. Moir

Caryn Moir
Director

To: M. A. Collier
c/o Sarah DeYoung
510-224-1695

J. M. Corby
resident
ount Team
Markets Group

370 3rd Street, Room 714C
San Francisco, California 94107
(415) 542-1147

PACIFIC BELL.
A Pacific Telesis Company

October 24, 1996

Copy to:
Gary Ball-Lijo
File: Res-Bl

Ms. Lois A. Hedg-peth
Vice President
Pacific States Local Service Organization
Communications Services Group
AT&T
795 Folsom Street, Room 516
San Francisco, CA 94107

Dear Lois,

This letter is a response to your concerns about the mechanization of the resale order flow into our business office. As I discussed with you yesterday, the mechanization timeline is as follows:

Milestone	Impact	Date
On-Line Tracking	Improves resource assignment by mechanically assigning and logging service requests. Enables report creation.	11/5/96
NDM Database	Establishes link between NDM feed and service request database. Eliminates NDM feed to printers. Facilitates order entry.	11/26/96
On-Line Database viewing	Enables input and viewing to service request database	12/17/96
E911 and Listings Interface	E911 and Listings information will flow-through systems without re-entry.	1/96

In addition, we believe that we will achieve automated order flow-through for basic exchange services approximately May 31, 1997. This date is tentative and subject to change depending on completion of feasibility analysis and detail requirements.

Please call me if you have any questions.

Sincerely,

Janette Corby

J. R. Sinn
Communication Management Services
Vice President
Industry Market Group

370 Third Street, Room 714E
San Francisco, California 94107
(415) 545 1170
Fax (415) 541-0665

PACIFIC BELL.
A Pacific Telesis Company

Copy to: Bob Ulrich
Carl Hurt
File: Agape Bell

orig to L. Hedgepeth
R. Deutsch

December 4, 1996

Ms. Mary Ann Collier
4480 Willow Road, Room 100
Pleasanton, CA 94588

Dear Mary Ann:

Thank you for your correspondence dated December 3, 1996 regarding the ongoing capacity of our LISC (Local Interconnection Service Center) relative to resale orders. As you know, we have been working diligently to provide the required capacity to support your resale business requirements.

To that end, we have provided you with a timeline which addresses our mechanization efforts leading to complete order flow-through for basic exchange services. Our LISC capacity to process orders is increasing coincident with that effort.

As we have discussed previously, the current overall LISC capacity is approximately 400 orders per day. Upon completion of additional mechanization efforts, we will move to approximately 2,000 orders per day by the end of January 1997. This capacity will again increase as incremental mechanization is completed and force augments occur. As you know, these numbers represent our overall capacity which is allocated based on demand. Finally, on a going forward basis, it would be very helpful if you could begin to provide us with a daily forecast of your demand. This will assist us in our planning as we continue our efforts in meeting your resale requirements.

Please give me a call if you have any further questions on (415) 545-1170.

Sincerely,

Jerry

8.12
12/05-BHS

Thomas B. Moorhead, Jr.
Vice President
Washington Department

1275 Pennsylvania Avenue N.W., Suite
Washington, D.C. 20004
(202) 383-6484

PACIFIC TELESIS
Group-Washington

December 13, 1996

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, NW, Room 814
Washington, DC 20554

Dear Chairman Hundt:

We just learned that AT&T is publicly misstating our capability to provision orders from CLC's for local exchange service. We want immediately to correct their error, and make clear that access to our ordering systems allows CLC orders to be promptly and timely processed, consistent with all the requirements of the new Telecom Act and Commission regulations.

At a PLI conference in Washington, D.C. on December 12, 1996, AT&T said Pacific would only be able to process 400 orders a day in 1997, and went on to say this pace would permit the transfer of only 200,000 customers in 1997. We were stunned to see such a gross misstatement of the facts. Earlier this year we made clear, in writing, to AT&T that our initial capacity would be 400 orders a day, but that we expected to quickly ramp that up to 2000 orders a day in January of 1997 as demand increased. We went on to explain that this capability would expand even more when further mechanization steps are implemented in the first half of 1997. We also underscored our commitment to work with AT&T to promptly process all their orders. We did mention that we thought it reasonable for them to provide forecasts of demand so we could be prepared to meet all their requests. Attached is our letter to AT&T setting forth this information.

Since then, we have accelerated our efforts beyond what we told AT&T. We now will be prepared to handle 2000 orders a day by year's end, and 4000 orders a day by the end of January, 1997. As noted in our letter to AT&T, we will augment our force as necessary to make sure all CLC orders are processed in the same time frames, and with no difference in customer perception as we process our own orders.

Going beyond these basic commitments, our recent arbitrated agreement with AT&T contains several key provisions which bear on AT&T's incorrect statement. Prior to the arbitration, we offered AT&T electronic access to all our support systems, and encouraged them to work with us to have such a system fully operational before the end of 1996. AT&T refused our request, insisting instead on their own specially designed system. Arbitration followed, and our arbitration agreement adopts AT&T's proposal and provides an implementation schedule. It will take some time to develop the system AT&T requested, due in large part to the fact that it is based on national standards which do not yet exist.

Until AT&T's request is implemented, we are providing (as AT&T requested) an interim form of electronic access to our ordering system. We are receiving orders through that system today, and have committed our business to process AT&T's orders --- and the orders of any other CLC as well — so that there is no difference in customer perception in the ordering process and service is provisioned in the same time that Pacific provisions its own, like services.

We note, however, that none of this will be possible without the cooperation of AT&T and other carriers. We need forecasts of demand from all carriers and orders that are free of errors. AT&T, and others, have provided little in the way of reliable forecasts and their orders have contained numerous errors. We have provided all carriers with our CLC Handbook which sets forth useful information for CLCs, including how to correctly process and send orders to our Local Interconnection Service Center (LISC). We have also held workshops with many carriers, including AT&T, providing further information on order processing. Despite these efforts, we continue to receive from AT&T, and other carriers, orders which contain numerous, time-consuming errors. (Today, 17-26% of the service orders sent to us by CLCs have errors that must be corrected.)

Our standard is to process orders in the same fashion and the same time as we process our own orders. But, it will take some reasonable level of cooperation from CLCs in order for any LEC to meet such a standard, regardless of the processes used. If misstating the facts in a large industry gathering, where many employees of the FCC are present, is AT&T's idea of cooperation we fear we are off to a bad start. Notwithstanding these kinds of actions, we will continue to meet our commitments under the Act, and to our customers.

Please contact me if you would like any additional information concerning this topic.

Sincerely,

T.O. Moulton

Thomas O. Moulton, Jr.
Vice President
Washington Operations
Pacific Telesis Group

cc: Commissioner Chong
Commissioner Ness
Commissioner Quello
Regina Keeney
Richard Welch

J. R. Sing
Communications Management
Services
Vice President
Industry Market Group

370 Third Street, Room 714
San Francisco, California 94107
(415) 545 1170
Fax (415) [illegible]

PACIFIC BELL.
A Pacific Telesis Company

December 4, 1996

Ms. Mary Ann Collier
4420 Willow Road, Room 100
Pleasanton, CA 94588

Dear Mary Ann:

Thank you for your correspondence dated December 3, 1996 regarding the ongoing capacity of our LISC (Local Interconnection Service Center) relative to resale orders. As you know, we have been working diligently to provide the required capacity to support your resale business requirements.

To that end, we have provided you with a timeline which addresses our mechanization efforts leading to complete order flow-through for basic exchange services. Our LISC capacity to process orders is increasing coincident with that effort.

As we have discussed previously, the current overall LISC capacity is approximately 400 orders per day. Upon completion of additional mechanization efforts, we will move to approximately 2,000 orders per day by the end of January 1997. This capacity will again increase as incremental mechanization is completed and force augments occur. As you know, these numbers represent our overall capacity which is allocated based on demand. Finally, on a going forward basis, it would be very helpful if you could begin to provide us with a daily forecast of your demand. This will assist us in our planning as we continue our efforts in meeting your resale requirements.

Please give me a call if you have any further questions on (415) 545-1170.

Sincerely,

Jerry

TO: KATHI ORAM
A T & T

FAX #: 4422241

FROM: BUSINESS WIRE
INFORMATION SERVICES

SUBJECT: FYI -- PER DENNIS STALLER ACCOUNT EXEC.

TOTAL NUMBER OF PAGES (INCLUDING THIS PAGE): 2

BW0250 DEC 12,1996 18:17 PACIFIC 21:17 EASTERN

(BW)(PACIFIC-BELL)(PAC) Pacific Bell Responds to MCI Allegations

Business Editors

SAN FRANCISCO--(BUSINESS WIRE)--Dec. 12, 1996--Pacific Bell today said a complaint filed by MCI with the California Public Utilities Commission is a transparent, self-serving attempt to manipulate regulators and unfairly influence the outcome of telephone competition.

At the heart of the matter is MCI's determination to hasten its entry into the local phone market while creating regulatory stall tactics to delay Pacific Bell's entry into California's high profitable long distance market.

"This complaint from MCI is just one more brazen attempt to stampede California regulators," said Lee Bauman, Pacific Bell's vice president for local competition. "MCI's action is carefully timed. Next week the CPUC will act on the arbitrated interconnection agreement between MCI and Pacific Bell. That agreement is vital to MCI's interests in providing local service, and equally important to Pacific Bell as one more prerequisite to its entry into the long distance business.

"Although we haven't seen their complaint yet, MCI is hardly in a position to accuse another company of inefficiency in its approach to local competition," Bauman continued. "For example, MCI refuses to use the electronic order system that Pacific Bell designed to the specifications of local competitors. AT&T and others are using it today to speed along their customer service. Instead, MCI insists on using "snail-mail" to ship Pacific Bell thousands of orders in cartons. We have to dedicate hundreds of people to process MCI's orders by hand, fix a myriad of MCI errors, and input those orders into our electronic system."

Bauman reiterated that Pacific Bell is highly motivated to make sure local competition proceeds quickly and effectively, and will work with MCI and any other competitive local carrier to address problems as they arise.

Pacific Bell is a subsidiary of Pacific Telesis Group, a diversified telecommunications company based in San Francisco.

J. R. Sinn
Vice President
Customer Service
Industry Markets Group

370 Third Street, Room 714E
San Francisco, California 94107
(415) 545-1170
Fax (415) 541-0665

PACIFIC BELL.
A Pacific Telesis Company

~~Hey~~ to Harry Dietel

December 17, 1996

Ms. Mary Ann Collier
Pacific States Local Infrastructure
Access Management Vice President
4480 Willow Road, Room 100
Pleasanton, Ca 94588

Dear Mary Ann:

This is a follow up letter to my last correspondence dated December 4, 1996 to clarify the ongoing capacity of our LISC (Local Interconnection Service Center) relative to resale orders. In my last letter, we were at an overall level of approximately 400 orders per day with a projected level of approximately 4,000 orders per day by the end of January 1997.

Since my last letter, we have continued to ramp up our capacity coincident with additional force augments and have leveraged the learning curve associated with our real-time experience. Last week, we added 50 additional resources and 2 full time second level managers. We will also be adding a full time director before the end of the month to support the LISC operation.

Although our last letter on December 4, 1996 reflected an overall level of 400 orders a day, we have already surpassed this level and we are aggressively increasing our productivity. We will continue to augment our force as necessary to accommodate demand. In addition, our implementation of increased mechanization will continue to increase the LISC capacity.

On a going forward basis, we would appreciate your continued efforts to give us accurate forecasts of your resale demand.

Sincerely,

Jerry

Jerry Sinn

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